

CITY OF DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY
(A Component Unit of the
City of Detroit, Michigan)

FINANCIAL STATEMENTS

June 30, 2006 and 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Detroit Brownfield Redevelopment Authority	County Wayne
Fiscal Year End June 30, 2006	Opinion Date August 15, 2006	Date Audit Report Submitted to State October 3, 2007	

We affirm that:

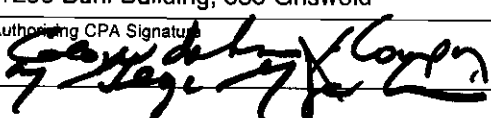
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) George Johnson & Company		Telephone Number (313) 965-2655	
Street Address 1200 Buhl Building, 535 Griswold		City Detroit	State MI
		Zip 48226	
Authorizing CPA Signature 		Printed Name George G. Johnson, C.P.A.	License Number 1101006025

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

August 15, 2006

To the Board of Directors
City of Detroit Brownfield Redevelopment Authority
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Detroit Brownfield Redevelopment Authority ("DBRA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2006 and 2005, which collectively comprise DBRA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DBRA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DBRA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of DBRA as of June 30, 2006 and 2005, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (general fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



CERTIFIED PUBLIC ACCOUNTANTS

An Independent Member of the BDO Seidman LLP Alliance

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2006 and 2005

This section of the annual report of the City of Detroit Brownfield Redevelopment Authority ("DBRA") presents management's discussion and analysis of DBRA's financial performance during the fiscal years that ended on June 30, 2006 and 2005. Please read it in conjunction with DBRA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

DBRA is in its infancy. It has just begun to collect taxes. It has limited revenue and expenses. It did increase its net assets by approximately 140 percent; however, that increase was due in large part to the collection of several tax payments that will be held for redevelopment purposes and should not be misconstrued as operating income. The net assets may or may not continue at that growth rate every year, dependent upon several factors, most importantly the number of new development properties that are presented to, and approved by, DBRA each year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net assets and statements of activities (which are presented on pages 6 and 7) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 8 and 9) are considered fund financial statements. A further discussion of each type of statement follows.

Government-Wide Financial Statements

The government-wide financial statements report information about DBRA as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of DBRA's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report DBRA's net assets and how they have changed. Net assets represent the difference between DBRA's assets and liabilities, and they represent one way to measure DBRA's financial health, or position. Over time, increases or decreases in DBRA's net assets are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about DBRA's funds, not DBRA as a whole. Funds are accounting devices that DBRA uses to keep track of specific sources of funding and spending for particular purposes.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (continued)

DBRA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance DBRA's programs.

The notes to the financial statements, which begin on page 10, explain some of the information in the financial statements and provide more detailed data. A comparison of DBRA's general fund revenue and expenditures to its budget is provided on page 15.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects the condensed statements of net assets as of June 30, 2006, 2005, and 2004:

Table 1
Statements of Net Assets
June 30, 2006, 2005, and 2004

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets:			
Cash	\$ 521,344	\$ 114,129	\$ 125,218
Other assets	<u>87,020</u>	<u>150,000</u>	<u>30,167</u>
Total Assets	<u>608,364</u>	<u>264,129</u>	<u>155,385</u>
Liabilities:			
Accounts payable	<u>12,460</u>	<u>15,747</u>	<u>84,765</u>
Total Liabilities	<u>12,460</u>	<u>15,747</u>	<u>84,765</u>
Net Assets:			
Restricted for redevelopment	472,953	86,395	27,199
Unrestricted	<u>122,951</u>	<u>161,987</u>	<u>43,421</u>
Total Net Assets	<u>\$ 595,904</u>	<u>\$ 248,382</u>	<u>\$ 70,620</u>

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

The net assets of DBRA increased by 140 percent. This increase is principally attributable to the receipt of certain property taxes to be held for redevelopment purposes. The incremental taxes captured may continue to grow if new projects continue to be presented and approved at the level at which they are currently coming forward.

Table 2 reflects the condensed statements of activities for the years ended June 30, 2006, 2005, and 2004:

Table 2
Statements of Activities
For the Years Ended June 30, 2006, 2005, and 2004

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenue:			
Program revenue	\$ 279,747	\$ 379,341	\$ 243,533
General revenue	<u>510,090</u>	<u>75,396</u>	<u>27,415</u>
Total Revenue	789,837	454,737	270,948
Expenses:			
Brownfield redevelopment	<u>442,315</u>	<u>276,975</u>	<u>205,772</u>
Net Increase in Net Assets	347,522	177,762	65,176
Net Assets, Beginning of Year	<u>248,382</u>	<u>70,620</u>	<u>5,444</u>
Net Assets, End of Year	<u>\$ 595,904</u>	<u>\$ 248,382</u>	<u>\$ 70,620</u>

Property tax receipts resulted in increased revenue for the year ended June 30, 2006. Payouts of captured taxes for certain projects resulted in an increase in expenses.

In comparing DBRA's general fund revenue and expenditures to its budget (as shown on page 15), DBRA's financial position for the year ended June 30, 2006 was affected by several one-time disbursements necessary for DBRA to continue to become self-sufficient. Excluding the one-time events, the variances between the budget and actual results are within a normal margin for all budget categories.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

ECONOMIC FACTORS

DBRA will receive a large majority of its revenue in the future through tax receipts. The economic health of the brownfield areas will have a substantial impact on the level of revenue received.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of DBRA's finances and to demonstrate DBRA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the chief financial officer of Detroit Economic Growth Corporation, 500 Griswold, Suite 2200, Detroit, Michigan 48226.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF NET ASSETS

June 30, 2006 and 2005

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Assets:		
Cash (Note A)	\$ 521,344	\$ 114,129
Accounts and contracts receivable (no allowance considered necessary)	75,000	150,000
Prepaid expenses	12,020	-0-
 Total Assets	<u>608,364</u>	<u>264,129</u>
Liabilities:		
Accounts payable	12,460	15,747
 Total Liabilities	<u>12,460</u>	<u>15,747</u>
Net Assets:		
Restricted for redevelopment	472,953	86,395
Unrestricted	122,951	161,987
 Total Net Assets (see page 8)	<u>\$ 595,904</u>	<u>\$ 248,382</u>

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2006 and 2005

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Expenses:		
Brownfield redevelopment program:		
Administrative and operating expenses (Note A)	\$ 311,173	\$ 229,689
Project fees	41,136	-0-
Professional fees	90,006	47,286
Total Program Expenses	<u>442,315</u>	<u>276,975</u>
Program Revenue:		
Brownfield redevelopment program:		
Contracts (Note A)	150,000	225,000
Redevelopment fees (Note A)	129,747	154,341
Total Program Revenue	<u>279,747</u>	<u>379,341</u>
Net Program Revenue (Expense)	<u>(162,568)</u>	<u>102,366</u>
General Revenue:		
Property taxes (Note B)	500,140	73,353
Interest income	9,950	2,043
Total General Revenue	<u>510,090</u>	<u>75,396</u>
Net Increase in Net Assets (see page 9)	<u>347,522</u>	<u>177,762</u>
Net Assets, Beginning of Year	<u>248,382</u>	<u>70,620</u>
Net Assets, End of Year	<u>\$ 595,904</u>	<u>\$ 248,382</u>

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2006 and 2005

	2006			2005		
	General Fund	Redevelopment Fund	Total All Funds	General Fund	Redevelopment Fund	Total All Funds
ASSETS						
Cash (Note A)	\$ 48,391	\$ 472,953	\$ 521,344	\$ 27,734	\$ 86,395	\$ 114,129
Accounts and contracts receivable (no allowance considered necessary)	75,000		75,000	150,000		150,000
Prepaid expenditures	12,020		12,020			-0-
Total Assets	<u>\$ 135,411</u>	<u>\$ 472,953</u>	<u>\$ 608,364</u>	<u>\$ 177,734</u>	<u>\$ 86,395</u>	<u>\$ 264,129</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 12,460	\$ -0-	\$ 12,460	\$ 15,747	\$ -0-	\$ 15,747
Total Liabilities	<u>12,460</u>	<u>-0-</u>	<u>12,460</u>	<u>15,747</u>	<u>-0-</u>	<u>15,747</u>
Fund Balances:						
Reserved for redevelopment		472,953	472,953		86,395	86,395
Reserved for prepaid expenditures	12,020		12,020			-0-
Unreserved	110,931		110,931	161,987		161,987
Total Fund Balances (see page 6)	<u>122,951</u>	<u>472,953</u>	<u>595,904</u>	<u>161,987</u>	<u>86,395</u>	<u>248,382</u>
Total Liabilities and Fund Balances	<u>\$ 135,411</u>	<u>\$ 472,953</u>	<u>\$ 608,364</u>	<u>\$ 177,734</u>	<u>\$ 86,395</u>	<u>\$ 264,129</u>

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Years Ended June 30, 2006 and 2005

	2006			2005		
	General Fund	Redevelopment Fund	Total All Funds	General Fund	Redevelopment Fund	Total All Funds
Revenue:						
Property taxes (Note B)	\$ -0-	\$ 500,140	\$ 500,140	\$ -0-	\$ 73,353	\$ 73,353
Contracts (Note A)	150,000		150,000	225,000		225,000
Redevelopment fees (Note A)	129,747		129,747	154,341		154,341
Interest income	7,375	2,575	9,950	2,043		2,043
Total Revenue	287,122	502,715	789,837	381,384	73,353	454,737
Expenditures:						
Current:						
Administrative and operating expenses (Note A)	311,173		311,173	229,689		229,689
Project fees		41,136	41,136			-0-
Professional fees	90,006		90,006	47,286		47,286
Total Expenditures	401,179	41,136	442,315	276,975	-0-	276,975
Excess (Deficiency) of Revenue over Expenditures	(114,057)	461,579	347,522	104,409	73,353	177,762
Other Financing Sources (Uses):						
Interfund transfers	75,021	(75,021)	-0-	14,157	(14,157)	-0-
Net Increase (Decrease) in Fund Balances (see page 7)	(39,036)	386,558	347,522	118,566	59,196	177,762
Fund Balances, Beginning of Year	161,987	86,395	248,382	43,421	27,199	70,620
Fund Balances, End of Year	\$ 122,951	\$ 472,953	\$ 595,904	\$ 161,987	\$ 86,395	\$ 248,382

See notes to financial statements.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The City of Detroit Brownfield Redevelopment Authority ("DBRA") was created by a Detroit City Council resolution dated April 23, 1998, and approved by the Mayor of the City of Detroit, Michigan (the "City") on April 30, 1998, under the provisions of Act 381, Public Acts of Michigan of 1996. DBRA was established for the following purposes:

- To create brownfield redevelopment zones
- To promote the revitalization, redevelopment, and reuse of certain property, including, but not limited to, tax-reverted, blighted, or functionally obsolete property
- To permit the issuance of bonds and other evidences of indebtedness
- To authorize the acquisition and disposal of certain property
- To authorize certain funds
- To authorize and permit the use of certain tax increment financing

For financial reporting purposes, DBRA is a component unit of the City because the members of DBRA's Board of Directors are appointed by the City's mayor and are confirmed by the Detroit City Council, which approves DBRA's budget. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

The financial statements of DBRA consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of DBRA's assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of DBRA are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The various funds are summarized by type in the fund financial statements. The following funds are used by DBRA:

General Fund

The general fund is the general operating fund of DBRA. It is used to account for all financial resources other than those required to be accounted for in another fund.

Redevelopment Fund

This special revenue fund is used to account for financial resources to be used for tax receipts and related expenses. DBRA finances its redevelopment plan by capturing the tax proceeds on the increase in assessed value within the tax increment district located within the brownfield area. This fund is not required to legally adopt a budget.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. Contract revenue, redevelopment fees, and other revenue specific to redevelopment activities are classified as program revenue. All other revenue, including all property tax revenue, is classified as general revenue.

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements (continued)

Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Administration

For the years ended June 30, 2006 and 2005, DBRA entered into cost-reimbursement agreements with Detroit Economic Growth Corporation for administrative services at an annual cost not to exceed \$100,000 per year for the years ended June 30, 2006 and 2005. These expenditures are reflected in administrative expenses for services rendered for each year.

Contract Revenue

DBRA entered into a cost-reimbursement agreement with the City to provide assistance to businesses locating or relocating in the City, or which are creating or retaining jobs through revitalization of brownfield properties, as well as to establish and formulate plans for economic development of brownfield properties. Such contract revenue is recognized when expenses that are reimbursable under the agreement are incurred.

Redevelopment Fees

DBRA assesses fees to those businesses for which DBRA provides assistance in brownfield property redevelopment. These fees are assessed when the related services are provided, and such revenue is recognized when the fees are assessed.

Cash Deposits

State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in the event of a bank failure, DBRA's deposits may not be returned to DBRA. DBRA does not have a deposit policy for custodial credit risk.

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Deposits (continued)

As of June 30, 2006 and 2005, DBRA's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2006</u>	<u>2005</u>
Carrying amount of deposits	\$ 521,344	\$ 114,129
Total bank balances	<u>\$ 538,956</u>	<u>\$ 164,129</u>
Uninsured and uncollateralized bank balances	<u>\$ 428,956</u>	<u>\$ 59,129</u>

Interfund Transactions and Eliminations

Interfund transactions are recorded as a payable by the receiving fund and as a receivable by the advancing fund in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

NOTE B - PROPERTY TAXES

DBRA is authorized to finance its redevelopment plan by capturing the tax proceeds on the increases in the assessed value on real and personal property within the tax increment district located within the brownfield area. Funds raised from this levy are restricted for use within this district.

The City levies property taxes on July 1 of each year. Property taxes are due to the City on August 15 of each year, but may be paid in two installments, which are due on August 15 and December 31 of each year. Liens are assessed on unpaid taxes on July 1 of each year. The City is scheduled to remit collected property taxes to DBRA in December and June of each year.

NOTE C - RISK MANAGEMENT

DBRA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. Due to the extent of insurance that DBRA maintains, the risk of loss to DBRA, in management's opinion, is minimal.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

For the Years Ended June 30, 2006 and 2005

	2006				2005			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Contracts	\$ 150,000	\$ 150,000	\$ 150,000	\$ -0-	\$ 150,000	\$ 150,000	\$ 225,000	\$ 75,000
Redevelopment fees	160,000	160,000	129,747	(30,253)	100,000	100,000	154,341	54,341
Interest income	2,500	2,500	7,375	4,875	2,500	2,500	2,043	(457)
Total Revenue	312,500	312,500	287,122	(25,378)	252,500	252,500	381,384	128,884
Expenditures:								
Current:								
Administrative and operating expenses	255,000	255,000	311,173	(56,173)	200,000	200,000	229,689	(29,689)
Professional fees	57,500	57,500	90,006	(32,506)	42,500	42,500	47,286	(4,786)
Total Expenditures	312,500	312,500	401,179	(88,679)	242,500	242,500	276,975	(34,475)
Excess (Deficiency) of Revenue over Expenditures	-0-	-0-	(114,057)	(114,057)	10,000	10,000	104,409	94,409
Other Financing Sources:								
Interfund transfers			75,021	75,021			14,157	14,157
Net Increase (Decrease) in Fund Balance	\$ -0-	\$ -0-	\$ (39,036)	\$ (39,036)	\$ 10,000	\$ 10,000	\$ 118,566	\$ 108,566

See note to schedules of revenue and expenditures - budget and actual (general fund).

CITY OF DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)**

For the Years Ended June 30, 2006 and 2005

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The City of Detroit Brownfield Redevelopment Authority ("DBRA") establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to DBRA's Finance Committee and approved by DBRA's Board of Directors and the Detroit City Council. No amendments to the budget were made during the year. Appropriations are authorized by DBRA's management. Unexpended appropriations lapse at the end of the fiscal year.

**George Johnson
& Company**

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August 15, 2006

To the Board of Directors and Management
City of Detroit Brownfield Redevelopment Authority
Detroit, Michigan

Our audit of the financial statements of the City of Detroit Brownfield Redevelopment Authority ("DBRA") as of, and for the year ended, June 30, 2006 has been completed. The audit was aided in a positive manner by the assistance and cooperation of DBRA's personnel.

In planning and performing our audit of DBRA's financial statements, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect DBRA's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

This report does not affect our report on the financial statements, dated August 15, 2006. We have not considered the internal control since the date of our report.

This report is intended solely for the information and use of the Board of Directors, management, and others within DBRA and is not intended to be, and should not be, used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS